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31 May 1963

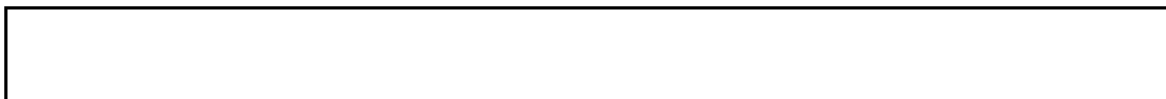
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CENTRAL INTELLIGENCE BULLETIN



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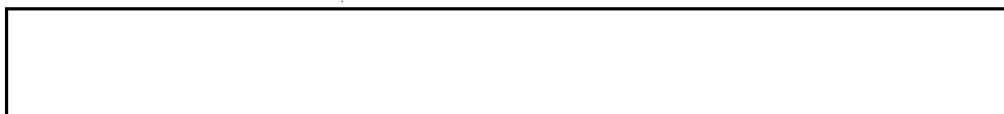
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Germany: (Vice Chancellor Erhard believes that the "honeymoon period" of Franco-German relations is over.)

(Erhard told the US ambassador on 27 May that he does not share De Gaulle's "European vision." He said that Germany believes the European Community must be a group of free and equal countries not dominated by one country. He noted that whereas the French wish to develop the EEC for their own advantage, Germany wants a "liberal and outlooking" community.)

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(In Erhard's view, the time is not opportune for further serious negotiation on British entry into the EEC. At the same time, he is opposed to a further acceleration of the EEC treaty since this might widen the gap between the EEC and the European Free Trade Area.)

(Erhard stressed that none of the countries concerned could afford a failure of the negotiations to forward the purposes of the US Trade Expansion Act. He said that he would demand that the power of decision in the coming negotiations be reserved to the EEC member governments, adding that the political and economic considerations involved were too important to leave to the bureaucratic EEC Commission.)

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Cuba: (The program to recruit Western technicians is apparently being abandoned as a result of improved relations between Cuba and the USSR.)

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[redacted] the program was conceived after the October crisis in 1962 when the Cuban leaders felt considerable bitterness toward the Soviets, and wanted to demonstrate their independence.)

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(The Cubans now see little reason to push the program as a political weapon in Cuban-Soviet relations, [redacted] and there is no bureaucratic pressure to foster it for economic reasons.

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*USSR: (Moscow is minimizing the importance of the information which the executed spy Oleg Penkovsky passed to the West and is attempting to demonstrate that all those implicated in the case have now been called to account.)

(In his 29 May interview with Izvestia correspondents, Soviet military prosecutor Artem Gorny branded as "groundless" the impression of "some Soviet citizens" that Penkovsky had divulged military secrets of a highly classified nature to foreign intelligence services, claiming that only sketchy military information and separate materials on internal political affairs were involved.)

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(Gorny's disclosure that Marshal Sergey Varentsov has been demoted and removed from his job as Chief Marshal of Artillery because of his association with Penkovsky was apparently intended to silence persistent rumors that top-ranking Kremlin leaders were involved in the case. In addition to Varentsov, Gorny named several lower level officials who have received "strict disciplinary punishments" which probably include reduction in rank.)

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Indonesia: Implementation of the recent Indonesian Government decree severely limiting operations of foreign oil companies will be postponed "for the time being," according to the Indonesian minister of mining.

The minister told Ambassador Jones that following talks in Tokyo between Indonesian officials and American company and US government officials in the next few days, Djakarta will review the entire oil problem. The three large Western oil companies operating in Indonesia--Caltex, Stanvac, and Shell--had faced the choices of either renewing negotiations with the Djakarta government or accepting new regulations--as yet undisclosed--by 15 June or closing operations by the end of September.)

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Italy: (It is touch and go that Christian Democrat Party secretary Moro will be able to form a new center-left coalition government, and Italy may be facing a long period of government instability.)

(Relations between Moro's party and the Socialists, whose continued support would be essential, are at a low ebb as a result of suspicion engendered by the elections last April, in which both parties lost ground. Socialist leader Nenni said on 23 May that this may make it impossible for him to carry the party with him at its congress next month. Both parties are apparently insisting upon guarantees regarding particular policies that neither wants to give at this stage.)

(If Moro fails, an attempt may be made to form an all - Christian Democrat administrative cabinet to take charge until the Socialists thrash out their differences in July.)

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Peru: Victor Raul Haya de la Torre, founder-leader of the leftist anti-Communist APRA, is confident that he will win the 9 June presidential election by more than the required one third of the total vote.

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[REDACTED]

[REDACTED] Haya has refrained from attacking the military junta as illegal in his campaign speeches, and he and his lieutenants have made several overtures toward "peaceful coexistence" with the armed services. APRA leaders are preparing, however, to call a general strike in case the military intervenes after a legal electoral victory.

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[REDACTED]

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Ethiopia: (Emperor Haile Selassie may try to head off pressure for far-reaching reforms by announcing modest changes of his own.)

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(The Emperor's program reportedly would include dissolving his present cabinet and for the first time authorizing new ministerial appointments to be made in the name of the prime minister. Such a move might be intended to get rid of several cabinet ministers and other high officials who have supported more drastic measures than are acceptable to Haile Selassie. He probably believes that the rise in his prestige resulting from his key role in last week's African summit conference in Addis Ababa makes this a propitious time to act.)

(Those ministers ousted in such a shake-up would almost certainly resort to plotting in an effort to regain their positions and, if substantial reforms did not take place, to force the Emperor to speed the country's progress.)

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USSR-Yemen? The Soviet cargo ship Nikolai Burdenko arrived at Al-Hudaydah on 19 May with approximately 200 Soviet personnel and heavy construction equipment for the Soviet airport project at Al-Rawdha. There are now an estimated 1,000 Soviet personnel in Yemen. Many of these Soviet nationals probably are construction laborers; in the past, the bloc has found Yemeni labor unsatisfactory and has sent bloc laborers for basic construction work. Several more Soviet cargo ships are scheduled to arrive shortly with additional equipment and cement--presumably for surfacing the new runway.

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Arab Federation: Ali Sabri, Egyptian vice president and confidant of Nasir, doubts that the union between Iraq, Syria, and Egypt will be implemented. He feels that the Iraqi and Syrian regimes are sabotaging the unity arrangement and that under the circumstances any union would be doomed to fail. Sabri told US Ambassador Badeau on 28 May that Cairo would halt any further steps toward unity rather than face the likelihood of failure as befell Egypt's 1958-61 union with Syria.

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Argentina: The "Protest Week" sponsored by the Peronist-dominated General Confederation of Labor is gaining momentum. Port, telephone, railway, and light and power workers' unions have announced full support for the general strike scheduled for 31 May, and some have already staged orderly demonstrations. A small group of anti-Peronist unions has denounced the protest, but the Communist Party is fully supporting it.

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***North Korea:** The accidental penetration of North Korea on 29 May in bad weather by a US liaison aircraft will probably complicate current efforts to obtain release of the helicopter pilots captured two weeks ago. Although damaged by North Korean ground fire, the plane succeeded in landing in South Korea without casualties. Pyongyang has termed the latest incident a "gross violation" of the armistice agreement and charged that "such repeated provocations" show that the US is deliberately trying to raise tensions in Korea.

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The Director, The Joint Staff

The Director for Intelligence, The Joint Staff

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